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Chair: Mr. Rosenthal ..... (Guatemala)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Kelapile

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The meeting was called to order at 3.15 p.m.

Agenda item 131: Improving the financial situation of the United Nations (*continued*)

1. **Ms. Kane** (Under-Secretary-General for Management), accompanying her statement with a computerized slide presentation, said that she would focus on four main financial indicators: assessments issued, unpaid assessed contributions, available cash resources and debt to Member States. The overall financial situation had improved in calendar year 2010, since although assessments in 2010 had been $3.5 billion higher than in 2009, unpaid assessments had risen by only $0.6 billion. Cash on hand had been higher by $772 million at the end of 2010, mainly as a result of an increase in the cash balance for peacekeeping operations.

2. Turning first to the regular budget, she noted that levels of assessments and payments had both been lower in 2010 than in 2009, by $333 million and $431 million, respectively. Unpaid assessed contributions had increased to $351 million as at 31 December 2010, compared to $335 million a year earlier. By the end of 2010, 138 Member States — two more than in 2009 — had paid their regular budget assessments in full. She urged the remaining Member States to pay their assessed contributions for 2010 in full as soon as possible. Most of the amount outstanding was owed by five Member States, with the remaining 49 Member States accounting for approximately 1 per cent of unpaid assessed contributions. By 10 May 2011, 86 Member States — or 11 more than the preceding year — had paid their regular budget assessments in full.

3. In comparison with 2010, the financial position of the regular budget as at 10 May 2011 reflected the net result of both higher assessments and lower payments received. Unpaid assessed contributions had been $366 million higher on 10 May 2011 than a year earlier, while payments received by 10 May 2011 had been $101 million lower than on 10 May 2010. There had been an increase of $249 million in the regular budget assessment for 2011. Eleven countries accounted for over 96 per cent of the $1.3 billion outstanding on 10 May 2011. The final outcome for 2011 would largely depend on the action taken by those Member States.

4. Cash resources for the regular budget comprised the General Fund, into which assessed contributions were paid; the Working Capital Fund, authorized periodically by the General Assembly; and the Special Account. As at 10 May 2011, the total cash resources available had stood at $1,168 million, compared to $813 million on 31 December 2010, which reflected a net increase in payments over expenditures in the year to that date. The projected cash balance for the end of December 2011 was lower than the cash balance in December 2009, mainly because the assessments issued during the 2010-2011 period were projected to be $330 million lower than the amount appropriated. The final cash position would largely depend on the action taken by the 11 countries that had not yet paid their regular budget assessments.

5. Financial outcomes for peacekeeping activities were hard to forecast because of unpredictable demand. That, together with the fact that the financial period for peacekeeping ran from 1 July to 30 June rather than from 1 January to 31 December, the issuance of separate assessments for each operation and the issuance of assessments for different periods throughout the year, depending on the mandate period approved by the Security Council for each mission, complicated a comparison between the financial situation of peacekeeping operations and that of the regular budget and the international tribunals.

6. The total amount outstanding for peacekeeping operations at the end of 2010 had been just under $2.5 billion, which was $608 million higher than the amount of $1.85 billion outstanding at the end of 2009. However, that increase in the amount outstanding had been significantly lower than the increase of over $3.9 billion in assessments in 2010, owing to the increase of nearly $2.3 billion in payments received during 2010 compared with 2009. Of the amount outstanding at the end of 2010, approximately 83 per cent had been owed by nine Member States.

7. The unpredictable amount and timing of peacekeeping assessments made it more difficult for Member States to keep fully current with their payments. The 27 Member States that had paid all their peacekeeping assessments as at 31 December 2010 therefore deserved special thanks.

8. Although the cash available for peacekeeping at the end of 2010 had been over $3.2 billion, that amount had been divided among the separate accounts

maintained for each operation and there were restrictions on its use. The General Assembly had specified that no peacekeeping mission should be financed by borrowing from other active missions and the terms of reference of the Peacekeeping Reserve Fund restricted its use to new operations and the expansion of existing operations. At the end of 2010, cash balances for peacekeeping had totalled $2,674 million in the accounts of active missions, $414 million in those of closed missions and $141 million in the Peacekeeping Reserve Fund.

9. The financial position of peacekeeping operations as at 10 May 2011 showed improvement compared with a year earlier, as well as with the situation at the end of 2010. Against new assessments of over $1.6 billion by 10 May 2011, contributions of over $2.4 billion had been received, reducing the amount outstanding from over $2.4 billion at the end of 2010 to about $1.7 billion. Some 80 per cent of the amount outstanding for peacekeeping operations as at 10 May 2011 had been owed by seven Member States. She expressed special thanks to the 31 Member States that had been fully current with their peacekeeping assessments due and payable as at 10 May 2011. Another State had paid its peacekeeping assessments in full since that date.

10. It was estimated, on the basis of projected receipts and disbursements and of the Secretary-General's proposed distribution of cash balances in closed peacekeeping operations, that total cash available in peacekeeping accounts at the end of 2011 would amount to over $2.4 billion, with approximately $2.1 billion in the accounts of active missions, $193 million in the accounts of closed missions and $140 million in the Peacekeeping Reserve Fund.

11. As at 31 December 2010, the amount owed to Member States for troops/formed police units and contingent-owned equipment had been $539 million, compared with $787 million at the start of the year. A slight decrease in new obligations was projected, mainly reflecting the closure of the United Nations Mission in the Central African Republic and Chad (MINURCAT), a reduction of military personnel in the United Nations Mission in Liberia (UNMIL) and a reduction of police personnel in the United Nations Integrated Mission in Timor-Leste (UNMIT), partially offset by increased military and police deployment in the African Union-United Nations Hybrid Operation in Darfur (UNAMID) and the United Nations Stabilization Mission in Haiti (MINUSTAH).

12. It was projected that by the end of 2011 the debt to Member States would increase slightly to $568 million, taking into account projected new obligations of $2.0 billion and projected payments of just under $2.0 billion. As at 10 May 2011, the amount owed had been $728 million, of which about 50 per cent had been owed to eight Member States. Payments for troops and formed police units were current as of February 2011 for all active missions. Payments for contingent-owned equipment were current as of December 2010 for all active missions except the United Nations Peacekeeping Force in Cyprus (UNFICYP), because of insufficient cash in the special account for that mission.

13. Projected payments for 2011 were dependent on the timely finalization of memorandums of understanding: at the end of April 2011, 32 out of 366 memorandums of understanding for peacekeeping operations had yet to be finalized. The actual level of payments would, naturally, also depend on Member States meeting their financial obligations to the United Nations.

14. The financial position of the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia had improved slightly in 2010, with outstanding assessments for both Tribunals decreasing from $37 million at the end of 2009 to $27 million at the end of 2010. Some 63 per cent of the outstanding amount was owed by three Member States. By the end of 2010, 98 Member States — seven fewer than at the end of 2009 — had paid their assessed contributions for both Tribunals in full, and she urged the remaining Member States to follow their example. The situation had remained largely unchanged in 2011, as 61 Member States had paid their assessed contributions to both Tribunals in full by 10 May 2011, matching the levels on the same date a year earlier. Two more Member States had paid their assessed contributions for both Tribunals in full after that date. Unpaid assessments as at 10 May 2011 had amounted to $133 million, which was higher than the $63 million outstanding as at 10 May 2010. Nevertheless, on the basis of current projections, the Tribunals should end 2011 with positive cash balances. However, the final outcome would depend on Member States continuing to honour their financial obligations to the Tribunals.

15. Since the approval of the $1.9-billion capital master plan budget in December 2006, 12 Member States had chosen to make a one-time payment, while 180 Member States had opted for the multi-year payment plan. As at 10 May 2011, 186 Member States had made payments totalling $1.7 billion, with $116 million still outstanding. Furthermore, as at the same date, 179 Member States had made payments totalling $44.9 million to the working capital reserve of $45 million that had also been established under the capital master plan account, to be funded by advances from Member States and apportioned at the rates of assessment for 2007. As of 10 May 2011, 92 Member States had fully paid their capital master plan assessments and 95 Member States had made partial payments, while 5 had not yet made any payments.

16. In conclusion, she paid a special tribute to those Member States that had paid in full all assessments due and payable as at 10 May 2011 for the regular budget, peacekeeping operations, the international tribunals and the capital master plan. There had been signs of progress in the Organization's financial position in 2010, and it was particularly heartening to note the increase in the number of Member States that were meeting their financial obligations in full. However, there were still significant amounts outstanding and the final outcome for 2011 would depend largely on action to be taken by a handful of Member States. Although outstanding assessments might in part be attributable to inevitable synchronization issues between the accounting cycles of Member States and the United Nations, the Organization's financial health depended, as always, on Member States meeting their financial obligations in full and on time.

Agenda item 113: Appointments to fill vacancies in subsidiary organs and other appointments (*continued*)

(a) Appointment of members of the Advisory Committee on Administrative and Budgetary Questions (*continued*) (A/65/101/Rev.1/Add.1)

17. **The Chair** drew attention to document A/65/101/Rev.1/Add.1, which indicated that Ms. Susan McLurg (United States of America) had resigned from the Advisory Committee on Administrative and Budgetary Questions, with effect from 22 July 2011, and that the United States Government had nominated Mr. David Traystman, whose candidature had been endorsed by the Group of Western European and other States, to complete the unexpired portion of Ms. McLurg's term of office. If he heard no objection, he would take it that the Committee wished to recommend the appointment of Mr. Traystman to the Advisory Committee for a term of office beginning on the date of appointment and ending on 31 December 2011.

18. *It was so decided.*

19. *Mr. Traystman was recommended for appointment to the Advisory Committee on Administrative and Budgetary Questions for a term of office beginning on the date of his appointment and ending on 31 December 2011.*

The meeting rose at 3.45 p.m.